

Organizational Development: An Analysis of Company X's Problem of High Turnover

Name

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Introduction

Companies can experience challenges that affect the overall performance. Organisational performance is gauged on different metrics. One metric is evaluating employee performance based on their performance. Employee performance can be reflected in the rate of turnover, organisation and reflect flaws in the management approach in place. This paper examines the issues behind high level of turnover rates in companies and how the same can be solved. The intention is to utilize a case scenario and recommend solutions based on the hiring and training approaches used to engage leaders and to implement leadership approaches. Besides, the research evaluates how the approaches can be used to effectively lower the turnover at a company. Recommended solutions include evaluating the hiring process for management team or leaders and adoption of adequate employee training to facilitate enhancement of skills. An analysis of the challenges fosters the identification of areas that need process changes. Thus, analyzing a company's challenge in high level of employee turnover, requires evaluation of the hiring process, especially for the leaders, and can be addressed through frequent training.

Problem Identification

Company X is a software company that has over 300 employees working in teams. The company has two sections which include the section for intelligence products and the other one for software development. The department for intelligence products assesses how customers access websites and company information and gather the information to help in decision making. The information they collect include market data, financial information, and business intelligence to ensure better marketing automation for the customers. In addition, they collect

information from customers and to verify the data collected from the data analytics. The department has highly trained individuals and yet experiences challenges of relatively high employee turnover, As such, the organisation must have experienced challenges that persist beyond the external training of engaged individuals.

The software development team also engages development of management application to ease in social media marketing and also help companies customize their marketing initiatives. These software help the users to merge, manage, analyse and visualize information from automated programs which are integrated into the main enterprise management systems. The software aids the clients in running their operations in an efficient manner. This team is generally considered as highly volatile with a low level of employee turnover. However, the level is relatively higher compared to the normal market rates.

The high level of employee turnover was noted in 2015 whereby over 80 percent of the employees that left the company did so within voluntary basis. The high level of turnover meant that the organisation incurred hiring cost in efforts to replace the exited employees. A survey conducted to identify the reasons behind the employee turnover, proves that the turnover intention was significantly under individuals intention to leave. Company X was engaging employees and not offering sufficient training to the new workers. Besides, the organisation promoted line managers from among the workers even when their leadership abilities were not assessed. The leaders ought to be better equipped with worker handling skills and this was deficient in the engagement of line manager at company X. Perhaps the remuneration terms were also not congruent to the promotional terms and hence the workers were less motivated to work or even continue with the organisation. The market is competitive for the software organisations and hence the organisation may have lost the workers to a better employer offering better

employment terms. The terms of engagement at the organisation are very bureaucratic and may bar workers from innovativeness. Leaders and line managers are followed strictly and they make personal decisions rather than team decisions. Personal decision may conflict with the overall organisational goals and the managers act in unhealthy competition among themselves. The strict setting of targets may deter the team from performance.

A key challenge noted is the engagement of line managers and not offering any training to them to help them set the appropriate standards. Company X just fills up the positions without considering the necessary skill needed to fill-up given position. No interviews take place. Later on, most workers leave the firm each month and are replaced using the same procedure by which they were hired. The issue results in low employee morale, difficulty replacing vacant positions and overworked employees alongside costing the organization high quantities of resources each year. Besides being a problem within company X, different studies indicate that it is an issue in many businesses across the world. According to Hom & Kinicki (2001), approximately 91% of millennials plan to stay in the same employment for less than four years, while the average duration is roughly four and a half years. Individuals chosen to fill-up managerial or line management at the Software team should have the appropriate training to lead a technical team. The naivety may lead to inability to handle pressure at the organisation may be triggered by the inability to handle pressure for the freshly engaged line managers.

Link to Turnover

Employee turnover is a serious problem at Company X is as a result of poor hiring of line managers, lack of training for the managers, and the excessive pressure to meet targets for the teams. Although it is uncommon for a business to hire new personnel every month, as the

company was doing, the hiring rate should be minimized through training of the engaged workers to be able to perform effectively. Additionally, the organization hiring practices are contributing to the lack of induction training to help the employees adopt to the organisational practice. Prior to quitting, those who depart indicate the lack of team cohesion, organisational justice, and voluntary turnover intention. Promoting leaders from the team meant that some of the team leaders were either incompetent or were too familiar with their peers. Company X could offer a leadership training to all individuals exhibiting leadership abilities to allow them understands the policies and how to handle workers at the software company. This way, they would adopt to lead people in a pragmatic and balanced manner. They would not place excessive pressure without dealing with the ability in the hired workers. The leaders would be effective in making teams.

Furthermore, the high rate of turnover by Company X's employees indicates that the organisation has no internal structures to motivate employees and foster enhanced performance. According to research, a high percentage of employee turnover is detrimental to a firm (Ekhsan, (2019). While letting go of underperforming personnel is beneficial, large turnover rates harm the firm. According to Ahn (2015), it results in an organization's bad performance. The problem arises due to a lower-than-expected degree of experience across the organization. Employees with less experience within the firm do not contribute more to the performance and growth of the business than those who understand their jobs. Inadequate experience diminishes production efficiency and impacts service and sales satisfaction ratings.

Additionally, high turnover erodes employee morale at Company X. Organizational culture develops as a consequence of common views and norms among employees. When workers go missing frequently, management finds it difficult to encourage employees by sharing

the organization's objective. When teammates depart, the remaining employees are compelled to engage in a never-ending cycle of getting to know the new ones, hence lowering their morale. One of the most detrimental implications of turnovers is that they need considerable focus to fix. Managers become irritated with the never-ending cycle of hiring new personnel (Huang & Su, 2016). Dealing with underdeveloped and underequipped personnel adds to the frustration. The constant employee turnover at the firm increases the cost of doing business, making it more expensive to administer. They are incurred as a result of exit interviews and severance pay. Additionally, the management is forced to invest more money and time in recruiting and training new staff (Bierema, 2014). Certain firms hire consultants to help them break out of a turnover rut, which requires a proper investment of money, energy, and time.

Recommendation

The use of Job-Demands-Resource Theory (JDRT) can be used to acquire overcome the organization's high turnover problem. This theory allows an organisation to assess the physical, social, and organisation aspect that need the attention of the organization (Demerouti et al., 2001; Oktarina, A. N., & Harsono, 2017). The theory proposes, the team to assess the main impact and interactions among the resources involved in operating an organization. Company X can assess the current employee skills through engaging in worker's appraisal. The overall manager should engage the leaders in an appraisal period to identify the essential training needs. The leadership teams should be evaluated separately from the workers. Identified training needs should be used to develop a long-term training need for the leaders and for the workers. Upon establishment of training, the team should undergo a rotation. Team leaders should be allowed to lead the different teams and hence exercise ultimate leadership that will not allow them to exhibit favoritism or bias. They will also be able to deal with workers exhibiting diverse skill

endowment. Workers can be engaged through informal interviews and employment records to assess their capabilities and use it to generate the training programs.

One strategy for enhancing staff retention and lowering high turnover rates is to evaluate the hiring process at Company X and make a few changes. The initial step should be to determine the candidate's cultural fit. When hiring for the two departments, the jobs can be determined by the relevant IT skills. However, when engaging the team leaders and management personnel, the organization must focus on the proven leadership abilities and willingness to lead. At some point, the organization should hire externally to introduce new skills into the team. When an organization maintains cultural continuity, there is a good probability that people will stay put (Hee & Ling, 2011). According to Smith (2012), approximately 46% of new businesses fail within the first two years after their founding. The reason for failure is directly related to the company's cultural fit. The ability of a candidate to fit into a company's culture may be established by the administration of tests that elicit information about personal reliability, background, integrity, work ethics, and an employee's cultural background. The evaluation should indicate their personality's compatibility with the work and organizational environment. Assessments of cultural fitness might be conducted during the first month of the three-month probationary term. With this treatment, there is no likelihood of resistance.

Additionally, the recruitment process should include a probation period for the hired leaders to work alongside experienced leaders and ensure better attachment training. The probation period is also a time to determine the participant's suitability for the roles the leadership roles before they are engaged. Singh & Loncar (2010) assert that the trial period boosts new hires' loyalty and decreases turnover. Both parties communicate their dreams, expectations, and ideals throughout the probationary period. When they agree, they are then

capable of remaining together for an extended period of time. The technique needs the firm to allocate a sufficient number of resources to the employees who will be evaluated, as not all of them will be hired after the three-month term. Managers and leaders should be enrolled based on education and further training acquired while at work. Workers spanning over 2 years should be the one to be hired as leaders, noting that they have been loyal to the organisation. Besides, while Company X is still in the hiring process, it must develop an onboarding program. According to (Smith, 2012), businesses that implement excellent programs during the first three months after hire report a 31% reduction in turnover. It is critical since it introduces employees to the company's expectations and cultures and provides them with critical information and training for their positions. The process determines a new hire's compatibility with the business.

Lastly, offering job prospects flexibility is another recruitment tactic that will help the company lower employee turnover. The ability to be flexible within the organization demonstrates to workers that the company values their contribution, and their requirements are recognized and respected. According to research, 75% of American individuals consider flexibility when job searching, and 39% leave their positions owing to flexibility difficulties (Singh & Loncar, 2010). Company X must consider the balance between work and their employees' personal lives. Thus, they will provide flexible time and other concessions for employees' personal lives. Apart from its efforts in the recruitment process, the company must focus on the retention of its existing personnel. It is attainable in part by enabling greater flexibility in their employment arrangements that can be informal or formal. Flexibility in the workplace increases employee contentment and bolsters their commitment to Company X. Consequently, workers will be encouraged to stay with the firm following vital life events,

including motherhood (Ahn, 2015). The other organizational growth strategy would be to examine and improve current employee job satisfaction.

Evaluation of Proposed Strategies

The employee appraisal program should be done on a quarterly basis. Employees should be evaluated every quarter to ensure they set new performance targets and that they develop a personal development program with their leaders (Oktarina & Harsono, 2017). The employees appraisal will enact questions meant to help the workers contemplate on improving their performance. The answers they write in the questionnaire can include: what do you like most about your current employment position? Are you satisfied with your job responsibilities? What are some of the cultural shifts that have sapped your motivation to work? What would you like to see altered about your current position? Make a list of reasons why you would like to leave your current job? The questions will assist in determining whether freshly hired staff wants to quit the organization and why.

Additionally, the provision of the three-month probationary period for managers and leaders can aid in perfecting their leadership skills and be observed on their suitability for the positions (Oktarina & Harsono, 2017). The observations will be conducted by supervisors, seniors, and departmental managers. Since the supervisor interacts directly with the workers, they will be able to recognize those who are not learning, those who do not match the organization's culture, and those who are disinterested in their job. Supervisors can then recommend candidates for permanent line management engagement. The leadership must assess new employees about the job duties they have been performing to pick out individuals who are dedicated to studying more about their job responsibilities. The management will evaluate the

jobs' adaptability. Besides, the interviews will assist in identifying those who suit the organizational culture. Interviews are critical because they inform management about the degree to which each job position is adaptable. The appraisal technique will be applied to long-term staff. The company may schedule interviews with the individuals every three months. The interviews would assist in identifying tiny improvements that would increase employee happiness.

Conclusion

Effective hiring processes and employee training are essential in helping company X overcome the challenge of high employee turnover. Organizational development is critical to the success of every organization since it addresses difficulties that may arise in the process of conducting everyday business. Just like Company X, every organization encounters problems and organizational dysfunctions for both the intelligent products' and software development teams. Hiring of line managers through promotion is defective and there is minimal training for the workers. All concerns must be resolved quickly to avoid the firm incurring excessive losses. In this study, the firm hired and fired personnel rapidly. How the company employed workers is a contributing factor to the high turnover. Employee appraisals, workers training, external hiring of line managers, and on-the-job training for proposed leaders can help reduce the high employee turnover. The probation period placement of proposed leaders help have verified and successful candidates being assigned to various departments without critically assessing their competence. Numerous studies have concluded that high turnover may be attributed to a multitude of factors and eventually results in a decrease in productivity in any business. However, it is vital to do a needs assessment by collecting data and conducting analysis to identify the exact nature of the issue. Data analysis is critical because it enables organizational management and development

consultants to ensure that the plan is implemented per the decisions made. The final critical phase is determining the effectiveness of the planned intervention measures.

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